

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI**

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IN RE:	:	CHAPTER 11
PIONEER HEALTH SERVICES, INC., <sup>1</sup>	:	CASE NO. 16-01119-NPO
ET AL.	:	JOINTLY ADMINISTERED
Debtors.	:	

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**LIMITED OBJECTION OF CAPITAL ONE, NATIONAL ASSOCIATION, TO  
MOTION TO ASSUME, AND TO ASSIGN, EXECUTORY CONTRACTS**

Capital One, National Association (“CONA”), files this limited objection (the “Limited Objection”) to Pioneer Health Services, Inc.’s (the “Debtor”), Motion for Authority to Assume, and to Assign, Executory Contracts (the “Motion”; Dkt. 2831). In support of this Limited Objection, CONA states as follows:

**I. Background**

1. At various times, the Debtors filed petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors’ cases have been administratively consolidated as set forth in footnote 1.
2. On November 16, 2017, the Debtor filed a motion (the “Sale Motion”) to sell substantially all of its assets (the “Sale”) free and clear of liens (Dkt. 2554).

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<sup>1</sup> On April 6, 2016, the bankruptcy cases of *Pioneer Health Services of Patrick County, Inc.*, No. 16-01220-NPO; *Pioneer Health Service of Newton County, LLC*, No. 16-01121-NPO; *Pioneer Health Services of Stokes County, Inc.*, No. 16-01122-NPO; *Pioneer Health Services of Choctaw County, LLC*, No. 16-01123-NPO; *Pioneer Health Services of Oneida, LLC*, No. 16-01124-NPO; and *Pioneer Health Services of Monroe County, Inc.*, No. 16-01125-NPO were administratively consolidated into the bankruptcy case of *Pioneer Health Services, Inc.*, No. 16-01119-NPO. On April 15, 2016, the bankruptcy case of *Pioneer Health Services of Early County, LLC*, No. 16-01243-NPO was administratively consolidated into the bankruptcy case of *Pioneer Health Services, Inc.*, No. 16-01119-NPO. On June 29, 2016, the bankruptcy case of *Medicomp, Inc.*, No. 16-01126-NPO was administratively consolidated into the bankruptcy case of *Pioneer Health Services, Inc.*, No. 16-01119-NPO. The Debtors in each of these cases are collectively referred to as the “Debtors.”

3. On December 21, 2017, following competitive bidding on December 11, 2017, the court entered an order approving the Sale to Ascentium Healthcare Resources I, Inc. (f/k/a Lackey Healthcare Management, LLC, “Ascentium”).

4. In connection with the Sale, Ascentium designated certain assets it requested that Debtor assume and to assign to Ascentium. The Court authorized such assumption and assignment in an order entered December 28, 2017 (Dkt. 2752).

5. On February 15, 2018, the Debtor filed the Motion, requesting, inter alia, authorization to assume certain contracts (the “Contracts”) between the Debtor and PF2 EIS, LLC (“EIS”), and to assign such contracts to Ascentium pursuant to that certain Assignment and Assumption Agreement, dated as of February 9, 2018, by and among EIS, the Debtor, as assignor, and Ascentium, as assignee (the “Agreement”; Dkt. 2381, Ex. A).

## **II. Argument**

6. CONA objects to the Motion solely to the extent that the following issues with respect to the Contracts and/or the Agreement remain unresolved. Counsel for CONA has attempted to confer with counsel for the Debtor and other parties as to these issues on multiple occasions. Notwithstanding the good faith efforts of various counsel, counsel for CONA and has not been unsuccessful in obtaining detailed, definitive responses with respect to such issues.

7. First, it is not clear whether the current cash collateral budget and/or other projections for the use of cash in the Debtor’s chapter 11 case include the cash expenditures, if any, necessary for the Debtor to comply with the Agreement.

8. Second, it is not clear whether the Debtor’s discharge of its obligations under the Agreement would cause the Debtor to default under the transition services agreement to which it is a party in connection with the Sale or a default under the other transition services agreements

entered into in connection with other sales in the Debtors' bankruptcy cases. Similarly, it is not clear whether the Debtors' compliance with such transition services agreements collectively would cause the Debtor to default under the Agreement.

9. Finally, it is not clear how the Debtor's entry into the Agreement would impact the Debtors' projections for the collection of its and the other Debtors' remaining accounts receivable.

For the foregoing reasons, CONA requests that the Court condition any approval of the relief sought in the Motion on the clarification of the issues identified herein.

Respectfully submitted this 8th day of March, 2018.

**MC GUIREWOODS, LLP**

/s/ Brian I. Swett

Brian I. Swett  
 77 West Wacker Drive  
 Suite 4100  
 Chicago, IL 60601-1818  
 Telephone: (312) 849-8100  
 Facsimile: (312) 698-4551  
 Email: [bswett@mcguirewoods.com](mailto:bswett@mcguirewoods.com)

—and—

/s/ Christopher H. Meredith

William H. Leech, MSB No. 1175  
 Christopher H. Meredith, MSB No. 103656  
 COPELAND, COOK, TAYLOR & BUSH, P.A.  
 600 Concourse, Suite 100  
 1076 Highland Colony Parkway (Zip—39157)  
 P.O. Box 6020  
 Ridgeland, MS 39158  
 Telephone: (601) 856-7200  
 Facsimile: (601) 856-7626  
 bleepch@cctb.com  
 cmeredith@cctb.com

*Attorneys for Capital One, National Association*

**CERTIFICATE OF SERVICE**

Service provided via Notice of Electronic Filing (NEF) through ECF:

*Joseph L. Adams;  
William R. Armstrong, Jr.;  
Debra Devassy Babu;  
Clay B. Baldwin;  
Jeffrey Ryan Barber;  
Charles F. F. Barbour;  
R. Michael Bolen;  
John N. Bolus;  
David A. Bowling;  
Victoria R. Bradshaw;  
Marc E. Brand;  
Robert Alan Byrd;  
J. Mitchell Carrington;  
Victoria M. Chamberlain;  
Ollie Ancil Cleveland, III;  
Ryan K. Cochran;  
Michael Allen Condyles;  
John A. Crawford, Jr.;  
S. Carter Dobbs, Jr.;  
Robert E. Dozier;  
Robert L. Duston;  
Allison L. Feldstein;  
Heath Alan Fite;  
Betty Ruth Fox;  
Stephen E. Gardner;  
Jeffrey K. Garfinkle;  
Gill Geldreich;  
Craig M. Geno;  
Georgia Department of  
Community Health;  
Cody W. Gibson;  
Glenn E. Glover;*

*Douglas Andrew Goldstein;  
Patrick Gray;  
G. Grant Greenwood;  
Whitney Groff;  
Chad J. Hammons;  
A. E. (Rusty) Harlow, Jr.;  
Derek A. Henderson;  
Robert T. Higginbotham, Jr.;  
James J. Holman;  
Thomas Cleveland James;  
Harriett Johnson;  
Kristina M. Johnson;  
Joe A. Joseph;  
Crane Davis Kipp;  
Sean C. Kulka;  
Darryl Scott Laddin;  
Hanna Lahr;  
John Lassiter;  
Edward E. Lawler, Jr.;  
L. Jackson Lazarus;  
William J. Little, Jr.;  
Stephen T. Masley;  
Patrick F. McAllister;  
Ronald H. McAlpin;  
Robert L. McArtty;  
Katherine M. McCraw;  
James A. McCullough, II;  
Stephanie Bentley McLarty;  
Watson Edward Meeks, Jr.;  
Margaret O. Middleton;  
Gregory A. Moffett;  
Richard A. Montague, Jr.;*

*John D. Moore;  
Walter C. Morrison, IV;  
John Leland Murphree;  
David Ronald Musgrove;  
Walter A. Neely;  
J. Walter Newman, IV;  
Jarret P. Nichols;  
Douglas C. Noble;  
James W. O'Mara;  
Evan N. Parrott;  
Hiten Hasmukhlal Patel;  
Scherrie L. Prince;  
Jeff D. Rawlings;  
Mark Dannel Ray;  
James Eldred Renfroe;  
Sylvie Derdeyn Robinson;  
Kevin A. Rogers;  
Stephen W. Rosenblatt;  
Eileen N. Shaffer;  
Jim F. Spencer, Jr.;  
Larry Spencer;  
Olivia Spencer;  
Stephen Dean Stamboulieh;  
Christopher J. Steiskal, Sr.;  
David Neal Usry;  
Melanie T. Vardaman;  
J. Wilbourn Vise;  
Gregory J. Walsh;  
Andrew R. Wilson;  
Marcus M. Wilson; and  
The Office of the US Trustee*

THIS the 8th day of March, 2018.

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/s/ Christopher H. Meredith  
Of Counsel